

American Airlines Business Proposal  
Managing Employees Concern Surrounding Boeing 737 Max

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## Abstract

This report is intended to explore American Airlines possible recommendations for dealing with the 28,000 flight attendants refusing to work on a Boeing 737 Max again. 2 crashes of Boeing's most popular selling 737 max led to the Federal Aviation Administration grounding the plane worldwide in March 2019 (Zaroli, 2019). The crashes were caused by software changes to the planes. Boeing cut corners in rolling out the new changes by not training airline companies on the new changes (Sillars, 2019). The plane is expected to be available for flights in early 2020. However, American Airlines has to find a way to put their employees' minds at ease.

Keywords: *Boeing 737 Max, worldwide grounding, flight attendants, pilots, CEO Doug Parker*

**From:** Eberwein, Elise <elise.eberwein@aa.com> Vice President-People and Communications  
**Sent:** Wednesday, November 19, 2019, 3:45 PM  
**To:** Parker, Doug <doug.parker@aa.com> Chief Executive Officer  
**Subject:** 737 Max & Flight Attendants

Good Afternoon Doug Parker,

Attached is the proposal and feasibility report if we are to go forward with getting our employees on board with the 737 Max. The purpose of this proposal is to change the perspective of our flight attendants on the 737 Max.

I look forward to hearing from you.

Best,  
Elise Eberwein  
Executive Vice President-People and Communications  
1 Skyview Drive  
Fort Worth, TX 76155  
(817) 123-4567



Letter of Transmittal

November 19, 2019

Board of Directors  
American Airlines  
1 Skyview Drive  
Fort Worth, TX 76155

Dear Board of Directors,

Per your request, here is my proposal as to handle the 28,000 flight attendants refusing to board a 737 Max once ban is lifted.

As the Vice President-People and Communication, it is concerning that so many of our employees are refusing to work on one of our most popular planes. In the proposal, I list four recommendations to change the flight attendants stand on the 737 Max.

If you have any questions regarding the document, feel free to contact me.

Sincerely,

Elise Eberwein  
Executive Vice President-People and Communications  
1 Skyview Drive  
Fort Worth, TX 76155  
(817) 123-4567



### **Executive Summary**

American Airlines is one of the biggest Airlines in the world. Serving almost 9 million has led to the airline being ranked number one with a market share of 17.6% (Mazareanu, 2019). Despite American Airlines success, the company is facing backlash from its own flight attendants. In response to the two fatal plane crash involving Boeing's 737 Max, many of American Airlines flight attendants are refusing to work on the plane again (Martin, 2019).

This proposal includes four recommendations to resolve the negative outlook on the 737 Max. In addition, there is a budget for each recommendation:

1. Memo sent out to all employees going over changes to the 737 Max once ban is lifted by FAA
2. 30-60 second video with top executives and pilots going over safety changes reassuring our employees
3. Have top executives fly first once the ban is lifted by FAA
4. Offer a promotional bonus of 1.1x pay while working on the 737 Max for the first 3 months after the ban is lifted by FAA

The end of the report will include a schedule, a staffing plan and a budget for all proposed resolutions.

**PROPOSAL TO HANDLE FLIGHT ATTENDANTS CONCERN WITH 737 MAX**

Prepared for

Board of Directors

American Airlines

Prepared by

Elise Eberwein

Executive Vice President-People and Communications

November 19, 2019

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### **Introduction**

Two plane crashes in a matter of 5 months have shocked Boeing and the aviation industry as a whole, forcing a worldwide grounding of the popular 737 Max aircraft. It is suspected that the change in the engine placement led to a shift in the planes control system, ultimately in ending in two crashes. On October 29, 2019 Lion Air flight crashes and kills 189 people. The crash happened moments after takeoff in Indonesia. There were no survivors (Chicago Tribune, 2019). On March 10, 2019 Ethiopian Airlines jet crashes. The crash occurred shortly after take off. There were no survivors (Chicago Tribune, 2019). On March 13, 2019 the FAA grounded all Boeing 737 Max aircraft, leading to thousands of cancelled flights (Zimmerman, 2019).

### **Background**

After speaking with Jeff, an American Airlines pilot with over 25 years in with the company about the crashes and his overall feelings surrounding the 737 Max. Jeff felt that the crashes were avoidable, had Boeing properly notified the airlines about the software changes. In addition, Jeff felt that had he been in the same situation of the late pilots, he could have prevented the crashes. Reason for this is because of his extensive knowledge on the Boeing planes that the other pilots did not have. There was a way to turn off the software that was causing the plane to nose dive that the pilots did not know about (Jeff, personal communication, November 23, 2019).

### **Problem**

Due to the two crashes, many of American Airline employees have verbally refused to work on the 737 Max again. The employees feel that it is unsafe and are calling for the highest safety regulations (Clough, 2019). It is extremely important that our flight attendants feel

comfortable when working on the 737 Max. If they don't, then how are we as a company able to make the customers feel safe when on the plane?

**Purpose**

To make our employees feel confident when working on the 737 Max. Ultimately, enhancing our public image.

**Recommendation 1: Memo**

The first recommendation is to release a memo to all employees via email. The memo will highlight Boeing's changes to the 737 Max and the FAA's removal of the ban. The narrative will be in support and reinforce how confident we are in the changes (Clough, 2019). It is very possible that many of the flight attendants minds will be put to ease when reading the memo.

**Recommendation 2: Short Video on Changes**

If the memo doesn't grasp the attention of our employees, then a video might. The video would include the CEO Doug Parker along with top ranking pilots from American Airlines. The video will go over changes made by Boegin. In addition, those in the video will reassure the viewer how we stand by the changes and the dedication to safety. Doug Parker has stated in the past that he is extremely confident in the FAA's standing in the process of lifting the ban (Matthew, 2019).

**Recommendation 3: Executives Fly First**

The third recommendation is to have the executives fly first once the ban is lifted by the FAA. United and Southwest Airlines CEO's have stated that they will be on the first plane after the ban is lifted (Josephs, 2019). It's a no brainer to fall in line with the other airlines and have Doug Parker do the same. This will speak volumes just how confident American Airlines are in the changes to the Max plane safety.

**Recommendation 4: Promotional Pay Increase**

The final recommendation is to offer a pay increase for the first 3 months after the ban is lifted. The pay would be a 10% increase to the normal wage for anyone that works on the 737

Max for the first three months. This is recommendation is expensive and should only be used as a last resort if all other fails.

### **Schedule**

#### **Recommendation 1:**

- A team will be made from Human Resources and Public Relations to write this memo.
- The team will be formed February 10, 2019. This will give the team release the memo by the 17th. Giving us two weeks to gage the response before the ban is lifted.

#### **Recommendation 2:**

- We will need to hire a media firm to film and produce this short video for us since we do not have one in house.
- Filming should take a full work day
  - Public Relations will construct the dialogue
    - CEO Doug Parker will be filmed first on February 18, 2019
    - Next will be two or three of our top pilots
- The media firm will require 2 to 3 business days to edit
- Release video via email, website, and youtube on February 12, 2019

#### **Recommendation 3:**

- Ban is expected to be lifted and ready for flights March 5, 2019 (American, 2019).
- Thursday March 5, 2019
  - CEO Doug Parker will fly on 737 Max with two of American Airlines best pilots
  - Fly from Fort Worth Texas to Houston Texas and back
    - Flight is 1.25 hours
    - This recommendation will take about 4 hours

**Recommendation 4:**

- If this recommendation is chosen then scheduling will be based on a first come first serve basis
  - Pilots and flight attendants will be notified February 27, 2019 via email about the opportunity to earn 10% pay increase for working on 737 Max for first 3 months of ban lift
- The IT department will be notified on February 13, 2019 to build a sign up page and implement the sign ups with scheduling

**Staffing**

The primary staff for the first recommendation are HR and PR. Second recommendation staff will consist of CEO Doug Parker, PR, and a few pilots. The media team will be outsourced. The third recommendation will require staffing from CEO Doug Parker, two pilots, and two flight attendants. The fourth and final recommendation will require staffing from the flight attendants and pilots that sign up. In addition, the IT department will be staffed in building the system in which employees sign up.

**Budget**

1. Recommendation 1: \$0 (Staff is on salary)
2. Recommendation 2: \$15,000-\$25,000 to hire the media firm. Those in the video are under salary and require no additional pay.
3. Recommendation 3: Fuel Cost is estimated at \$1,600. The two pilots and two flight attendants will be paid an additional 10%. The total cost for fuel and wage for pilots and flight attendants for this recommendation: \$3,091.25
4. Recommendation 4: \$318,931.20
  - The figure above is just the 10% increase in wages for the flight attendants and pilots for the first 3 months following the return of the 737 Max
  - Assuming 2 pilots and 4 flight attendants per flight

**Authorization**

As Vice President Executive Vice President-People and Communications, I give my full permission and agreement for this proposal to be released. I believe that the recommendations in this proposal can help American Airlines employees feel more confident when flying on the 737 Max. I am looking forward to discussing these recommendations.

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